

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 EB-08 EA-12
FRB-01 INR-10 IO-14 NEA-10 NSAE-00 USIA-15
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TO SECSTATE WASHDC PRIORITY 4792
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INFO AMEMBASSY ANKARA
AMEMBASSY NICOSIA
AMEMBASSY PARIS

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PARIS FOR USOECD
ATTENTION DOC/INVESTMENT POLICY DIVISION

E.O. 11652: N/A
TAGS: EINV, ECON, ELAB, ETRD, GR
SUBJECT: REQUEST FOR INFORMATION TO AID USG REVIEW OF
INTERNATIONAL INVESTMENT POLICY

REF: A) STATE 37873; B) ATHENS 0922; C) ATHENS 1773;
D) 77 STATE 244738

1. MOST OF THE INFORMATION REQUESTED IN REF A WAS CONTAINED
IN ATHENS 0922, OUR REPLY TO REF D. THE FOLLOWING IS INTENDED
TO SUPPLEMENT THAT MESSAGE.

2. INCENTIVES FOR INVESTMENT: ALL INCENTIVES AVAILABLE TO
DOMESTIC FIRMS APPLY ALSO TO FOREIGN-CONTROLLED ENTERPRISES.
FOREIGN INVESTORS ARE REQUIRED TO OPERATE IN GREECE AS GREEK
COMPANIES REGARDLESS OF WHETHER MAJORITY SHARE IS HELD BY
LOCAL OR FOREIGN INTERESTS. THIS GENERAL POLICY HAS BEEN
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APPLIED IN A CONSISTENT MANNER, AND NO CASE OF DISCRIMINATION
HAVE COME TO OUR ATTENTION. ADDITIONAL INCENTIVES, NAMELY
THOSE SPELLED OUT IN GREECE'S FOREIGN INVESTMENT LAW PL 2687/53
(SEE REF B), ARE AVAILABLE EXCLUSIVELY FOR FOREIGN INVESTMENTS.
THESE INCLUDE PROVISIONS FOR REPATRIATION OF EQUITY AND LOAN
CAPITAL, PROFIT AND INTEREST REMITTANCE, FREEZING OF INCOME TAX RATES

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ETC. THERE ARE SPECIAL INCENTIVES, FOR BOTH DOMESTIC AND FOREIGN COMPANIES, DESIGNED TO ENCOURAGE INVESTMENT IN LESS-DEVELOPED REGIONS, TO DEVELOP INDIGENOUS RESOURCES, TO TRANSFER ADVANCED TECHNOLOGY, AND TO PROMOTE EXPORT-GENERATING AND IMPORT-SUBSTITUTING INDUSTRIES. IN THE PAST THESE HAVE BEEN MAINLY IN THE FORM OF TAX, TARIFF AND CREDIT ACCOMMODATIONS, BUT IN THE CONTEXT OF GREECE'S EC ACCESSION A NEW SYSTEM BASED LARGELY ON GRANTS IS TO BE PROMULGATED SHORTLY (SEE REF C).

3. UNDER THE REGIONAL DEVELOPMENT INCENTIVES, THE COUNTRY IS DIVIDED INTO FIVE REGIONS, AND THE GREATEST INCENTIVES-- I.E. HIGHER GRANTS, MORE TAX RELIEF, ETC. AS THE CASE MAY BE-- ARE GIVEN TO INVESTMENTS IN THE LEAST-DEVELOPED AREAS.

4. IN CASES WHERE DOMESTIC REQUIREMENTS FOR A SPECIFIC PRODUCT ARE ALREADY COVERED BY EXISTING INDUSTRIES, APPROVAL OF NEW FOREIGN INVESTMENTS UNDER PL 2687 FOR PRODUCTION OF THE SAME PRODUCTS IS CONDITIONED UPON ANNUAL EXPORT COMMITMENTS SPECIFIED AS A PERCENTAGE OF PRODUCTION. FAILURE TO FULFILL THESE COMMITMENTS DEPRIVES THE INVESTOR OF THE RIGHT TO REPATRIATE EQUITY CAPITAL AND REMIT PROFITS DURING THE PERIOD OF NONCOMPLIANCE. HE IS ALSO LIABLE TO PAYMENT OF INCREASED TURNOVER TAX ON TOTAL DOMESTIC SALES DURING THIS PERIOD

5. PERFORMANCE REQUIREMENTS: WITH THE EXCEPTION OF THE EXPORT COMMITMENT REQUIREMENTS DESCRIBED ABOVE AND OWNERSHIP POLICY UNCLASSIFIED

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OBJECTIVES CITED IN ATHENS 0922, INCENTIVES ARE NOT CONDITIONED ON PERFORMANCE REQUIREMENTS. CERTAIN LOCAL VALUE-ADDED REQUIREMENTS ARE INCLUDED IN THE CONTRACT WITH THE AUSTRIAN STEYR HELLAS S.A., WHICH HAS A TRACTOR-AND TRUCK-ASSEMBLY OPERATION IN THESSALONIKI (72 ATHENS 2061), AND SIMILAR RESTRICTIONS WERE ALSO IN THE CONTRACT FOR A PASSENGER CAR-ASSEMBLY PLANT NEGOTIATED BETWEEN THE GOG AND PEUGEOT-RENAULT, WHICH WAS SUBSEQUENTLY CANCELLED BY MUTUAL AGREEMENT.

6. LABOR AND EMPLOYMENT: LAW 2687 PROVIDES FOR THE EMPLOYMENT OF FOREIGN NATIONALS IN EXECUTIVE, TECHNICAL AND ADMINISTRATIVE POSITIONS AND FOR THE PAYMENT OF PART OF THEIR SALARIES IN TRANSFERABLE FOREIGN EXCHANGE, AS MAY BE PROVIDED IN THE INSTRUMENT OF APPROVAL OF THE INVESTMENT. LABOR AND EMPLOYMENT ASPECTS APPLY EQUALLY TO BOTH FOREIGN AND LOCAL INVESTORS. THERE ARE NO EXEMPTIONS FOR FOREIGN INVESTORS EITHER BY LAW OR ON AN AD HOC BASIS FROM ANY LEGISLATION OR REGULATIONS GOVERNING LABOR AND INDUSTRIAL RELATIONS. MILLS

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